

C Nov 30, 1971 3

**ACTION**  
**35140****TOP SECRET/CODEWORD**

**MEMORANDUM FOR: THE PRESIDENT**

**FROM: HENRY A. KISSINGER**

**SUBJECT: Military Supply to India**

NSS/NSC, OSD,  
DOS REVIEWS  
COMPLETED - pgs 1  
- 6.

The WSAG has again discussed the options in cutting off the military supply pipeline for India, and what follows is a brief review of your choices for final decision. The announcement could be made Wednesday if you are prepared to go ahead.

Just to review, once a decision is made to suspend assistance, the first choice is between (a) a series of calibrated steps which would not initially touch major programs and (b) a major step all at once. The argument for the former is to give the Indians the choice of whether they want to have confrontation over the issue and to reserve one more step for later. The argument for the latter is that a small move will make the Indians as angry as a large step, and the large step will have more shock effect.

In your discussions to date, you have chosen the larger step all at once. Having made that decision, you have two options:

**Option 1: Suspend the issuing of all new Munitions Control Licenses.**

The most important impact of this move would be cutting off two major programs--(a) a communications system for a defensive radar system directed at China and developed over the last eight years with US assistance and (b) spares for some 62 C-119s that form a large portion of India's transport fleet and would soon be virtually grounded. This option would affect some \$17 million in Indian contracts with US manufacturers. Defense would have to assume the financial obligation for \$13 million of that.

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MORI/CDF  
C05098427 (pgs  
1-6) and MORI  
C03320274 (pgs  
7-9)

ON-FILE NSC RELEASE  
INSTRUCTIONS APPLY (pgs 7-9)

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Option 2: in addition, revoke all outstanding licenses.

This would amount to a total embargo and would catch another \$13.5 million in miscellaneous items in the pipeline but would not touch any additional major defense programs.

Option 1 is the course that you and Secretary Rogers discussed last Wednesday. It has the advantage of leaving part of the relationship intact for later rebuilding if desired. It has the disadvantage that even going that far effectively cuts off the major C-119 support and radar programs and costs the US at least \$13 million. I cite that as a disadvantage in the sense that the seemingly lesser option actually touches the two major programs, so there is not as great a difference between it and the higher option as might initially appear.

The alternative is Option 2, which involves taking the extra step to close the pipeline completely. The advantage in this step is that it would at once put the Indian pipeline into the same condition as Pakistan's. It is also easier to defend publicly than to explain why we are leaving part of the pipeline open. The disadvantage is that it would cut the military supply relationship completely and it is always harder to build back from a complete embargo.

As I understand it, Secretary Rogers now tentatively leans toward Option 2--going all the way and closing the pipeline completely. His one general reservation is that we might want to withhold any action if the UN Security Council took up the South Asian issue and seemed to promise results. The argument would be that we might wish to avoid jeopardizing our bilateral relationship with India if the Security Council offered any hope of providing the restraint we seek. The Secretary points out that this is probably wishful thinking.

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Whatever your decision, there will be a number of technical decisions to be made in implementation. I would suggest that these judgments be made in the WSAC.

If you decide to go ahead Wednesday, there are at Tab B drafts of an announcement for each of the options above.

RECOMMENDATION: That you approve Option 2--closing the pipeline completely--and the appropriate press statement.

Approve \_\_\_\_\_

Prefer Option 2 \_\_\_\_\_

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**Page Denied**

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Tab B

DRAFT PRESS STATEMENTS

Option 1--Issue No New Licenses

In view of the deteriorating situation in South Asia and continued military engagements between Indian and Pakistani armed forces, the U.S. Government has today decided to suspend the issuance of all future Munitions Control licenses for India. New licenses will not be issued nor will existing licenses be renewed.

Option 2--Revoke All Outstanding Licenses

In view of current developments along the East Pakistan-Indian borders, the U.S. Government today is issuing instructions to terminate all sales and export from the United States of all arms and military equipment to India.

Since the 1965 war between India and Pakistan, the U.S. has not permitted sales of weapons such as guns, tanks and combat aircraft. Effective today this prohibition also applies to all items of military equipment.

Action is being taken to cancel all outstanding Munitions Control and Department of Commerce licenses covering military items. U.S. Customs officials have been instructed not to clear any such military items through Customs. New licenses will not be issued nor will existing licenses be renewed. The Department of Defense is instructing US military supply depots to cease delivery of any military items to the Indian Government or its agents.

The US has taken these actions in the interests of peace in the subcontinent. It is our hope that other governments will promptly take similar action in support of these efforts.

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*sent on 11/29/71*  
*NEA per HHS*  
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November 29, 1971

**MEMORANDUM FOR: DR. KISSINGER**  
**FROM: HAROLD H. SAUNDERS**  
**SUBJECT: Military Supply to India**

Attached is the memo you requested laying out the two main options on cutting off military supply discussed by the WSAG today. As you know, in practical terms they amount to going three-fourths of the way on total embargo.

You should be aware that there are three minor residual problems. As we have formulated the options for the President they do not necessarily disrupt the following programs:

-- The East-West Highway project under which we are lending construction equipment to India for building a section of this strategic highway for the Nepalese. Some \$2.8 million is yet to be spent on this project of which Nepal is the primary beneficiary and India only gains some influence by doing the work.

-- Grant aid training program for FY-1972 valued at \$300,000 of which \$155,000 has been funded. A similar program for Pakistan is continuing.

-- "militarily significant" equipment sold to India under Commerce Department licenses of which there is at least \$900,000 presently in the pipeline. The draft press release now includes these, but State is still gathering the facts.

These are technical issues which should probably be discussed at the next WSAG meeting to ascertain what are the group's feelings on them. I have suggested to the President via your memo that the WSAG oversee such technical questions of implementation.

**RECOMMENDATION:** That you send the attached memo to the President.

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HHSaunders:tmt 11/29/71

INFORMATION  
35140

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MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER

SUBJECT: Background on Cutting off India's Military Supply Pipeline

In a more general memo, I have discussed the choice that remains to you in making the final decision on cutting the military supply pipeline for India. The choice now lies between (1) just saying that we will stop issuing new licenses and (2) also revoking all outstanding licenses. The purpose of this memo is to detail what would be involved in each case.

Option 1: Stop Issuing New Licenses

This move would cut off the following items which are known to be under contract but for which no licenses have yet been issued:

--\$13 million in radar communications equipment for the early warning radar system the US provided to India following China's 1962 attack.

--\$4 million in C-119 spares which would virtually ground India's 62 C-119s which form a major part of its transport fleet.

--There is also a small amount (\$70,000) known to be contracted under FMS cash sales.

--In addition to the above, there is an indefinite amount of future purchases that are probably in the works one way or another but so far without a formal contract let or license issued.

One example is the fact that \$4 million remains in a line of credit for the radar communications equipment in addition to the \$13 million listed above. A second example is that there are license applications pending

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for \$3.6 million in commercial sales, but we do not know whether they represent a supplier applying for a license in anticipation of a sale or a fairly firm order without a final contract.

In short: Stopping the issuance of new licenses would cut off at least \$17 million in material known to be under contract and would also stop a large portion of another \$8 million known to be planned one way or another.

Option 1 would allow the flow of the following:

--\$5.3 million in already licensed equipment known to be under contract. This consists of the following major items: tools for production of 75 mm and 105 mm cartridge cases, cartridge cases for 106 mm ammunition, spares for aircraft (largely transport and helicopters), electronic countermeasures sets with spares and machinery for manufacture of 7.62 mm ammunition. The purchase of ammunition components is an ongoing program so is significant.

--\$8.2 million in licenses issued for which contracts are not known to have been signed, although they may have been. This is mainly for inertial guidance systems for use in civil aircraft (707s), and for some sonar equipment for naval use.

In short: Revoking all licenses would cut off a maximum of \$13.5 million in outstanding licenses. It is certain that \$5.3 million of this is under contract and likely that at least half of the remainder is.

Option 2: Revoke Outstanding Licenses

in addition

This step would cut off the \$13.5 million in material that would have been left flowing by Option 1. This is the equipment described in the last paragraph above. The most significant program affected by this step would be the ongoing supply of ammunition components. The Indians buy components and complete assembly in India.

The principal arguments for Option 1 are:

--It would maintain parallelism with the procedures followed in the Pakistan case. The first step was to suspend issuance of new licenses and renewal of expired licenses. Parallelism would provide defense against the charge that we are out to get the Indians.

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--It would leave for a time something of an ongoing program. This would make it a little easier to reopen a program in the future. Total embargoes once imposed are hard to get out of with the Congress.

--It would leave one more step to take later.

Nevertheless Option 1 is a substantial step, touching as it does two major programs and a minimum of \$17 million in equipment and a potential of another \$8 million.

The principal arguments for Option 2 are:

--Option 1 will make the Indians as angry as Option 2. If we are going to take a strong step rather than just send a small signal, we might as well go all the way as four-fifths of the way.

--For those who would favor being tough on India or even for those who oppose military supply in general, it would be difficult to explain why we allow ammunition components to keep moving.

One other issue of timing needs to be considered. If the UN Security Council were to meet, there might be some advantage in waiting to act under cover of Security Council action. On the other hand, that is probably still a few days in the future if it happens at all.

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